

Senate Bill 747

Sponsored by COMMITTEE ON EDUCATION

SUMMARY

The following summary is not prepared by the sponsors of the measure and is not a part of the body thereof subject to consideration by the Legislative Assembly. It is an editor's brief statement of the essential features of the measure **as introduced**.

Establishes student loan insurance as class of insurance in Oregon. Instructs Director of Department of Consumer and Business Services to adopt rules to authorize insurers to transact student loan business and to facilitate transaction of student loan insurance. Establishes certain limits on student loan insurance.

Becomes operative January 1, 2018.

Takes effect on 91st day following adjournment sine die.

A BILL FOR AN ACT

1
2 Relating to student loan insurance; and prescribing an effective date.

3 **Be It Enacted by the People of the State of Oregon:**

4 **SECTION 1. Sections 2 to 6 of this 2017 Act are added to and made a part of the Insur-**
5 **ance Code.**

6 **SECTION 2. "Student loan insurance" means insurance against financial loss by reason**
7 **of a nonpayment of principal, interest and other sums agreed to be paid under the terms of**
8 **a loan obligation that provided funds to or on behalf of a student to help the student meet**
9 **the student's expenses in attending a post-secondary educational institution.**

10 **SECTION 3. (1) All policies and contracts of student loan insurance must be written by**
11 **authorized student loan insurers. Another class of insurer may not write any form of stu-**
12 **dent loan insurance.**

13 **(2) The Director of the Department of Consumer and Business Services shall by rule es-**
14 **tablish procedures by which an insurer may obtain authorization to transact student loan**
15 **insurance.**

16 **(3) The department may adopt any other rule to facilitate the transacting of student loan**
17 **insurance in this state.**

18 **SECTION 4. A student loan insurer shall establish a contingency reserve liability for**
19 **protecting policyholders against the effect of adverse economic cycles according to account-**
20 **ing procedures that the Director of the Department of Consumer and Business Services ap-**
21 **proves or requires.**

22 **SECTION 5. A student loan insurer may not provide insurance with respect to a student**
23 **loan obligation that exceeds, solely or in combination with other insurance existing at the**
24 **time the insurance is written, 90 percent of the outstanding amount of the student loan, or**
25 **a higher percentage that the Director of the Department of Consumer and Business Services**
26 **may authorize.**

27 **SECTION 6. Obligations insured by student loan insurance policies issued in conformity**
28 **with the Insurance Code are legal investments for all trust funds held by any executor, ad-**
29 **ministrator, conservator, trustee or other person or corporation holding trust funds, and**

NOTE: Matter in **boldfaced** type in an amended section is new; matter [*italic and bracketed*] is existing law to be omitted. New sections are in **boldfaced** type.

1 also for the funds of banks, banking institutions and trust companies, and must be accepted
2 by this state and the officers and officials of this state as securities constituting any part
3 of any fund or deposit required by law to be made with this state, or any officer or official
4 of this state, by any trust company doing business in this state. All premiums that must be
5 paid according to the terms of a student loan insurance policy may be charged to or paid out
6 of the income from the obligations covered by the policy.

7 **SECTION 7.** (1) Sections 2 to 6 of this 2017 Act become operative January 1, 2018.

8 (2) The Director of the Department of Consumer and Business Services may take any
9 action before the operative date specified in subsection (1) of this section that is necessary
10 to enable the director to exercise, on and after the operative date specified in subsection (1)
11 of this section, all of the duties, functions and powers conferred on the director by sections
12 2 to 6 of this 2017 Act.

13 **SECTION 8.** This 2017 Act takes effect on the 91st day after the date on which the 2017
14 regular session of the Seventy-ninth Legislative Assembly adjourns sine die.

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